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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re:

MICHAEL HYUNKOO CHANG, and SUN
WOO CHANG,

Debtors.

D. L., an individual; and S. H., an individual,

Plaintiffs,

v.

MICHAEL HYUNKOO CHANG and SUN
WOO CHANG, husband and wife, and their
marital community,

Defendants.

Bankr. Case No. 19-12424-TWD

Adversary Case No.

COMPLAINT FOR OBJECTION TO
DISCHARGEABILITY UNDER 11
U.S.C. 523(a)

Plaintiffs D. L. and S. H. ("Plaintiffs") allege the following as their complaint for
Nondischargeability under 11 U.S.C. 523(a) against Defendants Michael Hyunkoo Chang and
Sun Woo Chang ("Defendants"):

I. INTRODUCTION

This is a case about affinity fraud involving an illegal immigration services scheme.
Plaintiffs are vulnerable persons from Korea living in the United States. Defendant Michael

1 Chang, a Korean-American resident of the United States and senior pastor of a small Federal
2 Way church, gained the Plaintiffs' trust through their common ethnic ancestry and shared
3 religious affiliation. Defendant Michael Chang deceived the Plaintiffs into giving him \$74,000
4 in cash, purportedly for "immigration services." When Plaintiffs learned of Defendant's
5 deception and confronted him, Defendant Chang threatened them and made promissory notes
6 to repay his wrongfully obtained funds, which notes contained a provision intended to silence
7 Plaintiffs. The notes were not paid. Michael Chang's wife was a knowing and active
8 participant in Chang's exploitation of Plaintiffs.

9 II. PARTIES

10 1. Plaintiff D. L. ("D. L." or "Plaintiff") is an individual residing in the state of
11 Washington. The name D. L. is a short name or alias for D. L.'s true name, which is being kept
12 confidential to protect D. L. as a result of Defendant Chang's threats.

13 2. Plaintiff S. H. ("S. H." or "Plaintiff") is an individual residing in the state of
14 Washington. The name S. H. is a short name or alias for S. H.'s true name, which is being kept
15 confidential to protect S. H. as a result of Defendant Chang's threats.

16 3. Defendants Michael Hyunkoo Chang and Sun Woo Chang (together "Defendants"
17 or "Chang") are individuals believed to be residing in King County, Washington. On information
18 and belief, Defendants Chang are married, and all acts performed by either spouse have been
19 performed on and for the benefit of the marital community.

20 III. JURISDICTION AND VENUE

21 4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. 1334, 11 U.S.C.
22 523, *et seq.*, and 11 U.S.C. 727, *et seq.*

23 5. This matter is a core proceeding.

24 IV. FACTS

25 Background Facts Related to D. L.

26 6. D. L. has resided in the United States since 2005. In approximately May 2014,
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1 D. L. met Defendant Michael Chang while D. L. was a customer of one of Defendant Chang's
2 businesses known as "Puppy Village."

3 7. At the time D. L. met the Defendant, Michael Chang was also the senior pastor of
4 the Grace All Nation Church in Federal Way.

5 8. Defendant Chang invited D. L. to attend Chang's church. She attended Chang's
6 church for the next two years and was induced into a relationship of trust with Defendant Chang.

7 9. Eventually, Defendant Sun Chang first contacted D. L. about the immigration
8 process. Defendant Michael Chang then represented to D. L. that he possessed the knowledge to
9 successfully secure permanent residency status for D. L. under a special federal immigration
10 program. Defendant Chang promised to prepare, or assist in the preparation of, the appropriate
11 immigration application forms to accomplish the goal of obtaining D. L. permanent residency.

12 10. Defendant Chang also represented that the cost of the immigration application
13 would be approximately \$30,000, composed of a \$10,000 broker fee and a \$20,000 processing fee.

14 11. To arrange for the transfer of money, Defendant Chang said that the money would
15 have to be paid in cash through an intermediary and agent, identified herein as "Jane Doe."

16 12. Payment was made in cash through Jane Doe, as agent and intermediary of
17 Defendant Chang.

18 13. D. L. gave \$30,000 in cash to Jane Doe for and on behalf of Defendant Chang. On
19 information and belief, Jane Doe took \$30,000 in cash from D. L. on behalf of Defendant Chang
20 and subsequently transferred it to or for the benefit of Defendant Chang. The payment scheme
21 was orchestrated by Defendant Chang.

22 14. Chang's representations about the immigration services were fraudulent.

23 15. D. L. later learned that Chang's immigration services and the immigration scheme
24 were fraudulently represented and no application on her behalf was ever processed.

25 16. When D. L. confronted Defendant Chang and demanded that Defendant Chang
26 immediately return D. L.'s money in full, Defendant Chang declined. In retaliation, he also began
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1 to slander D. L.

2 17. Eventually, Defendant Chang offered to repay D. L.'s money over time.

3 18. On November 18, 2016, Defendant executed a Promissory Note in favor of D. L.
4 in the face amount of \$30,000 (the "D. L. Note"). The D. L. Note contains a provision that was
5 ostensibly intended to silence D. L.

6 **Background Facts Related to S. H.**

7 19. S. H. has resided in the United States since 2015. S. H. became a tenant of
8 Defendant Chang's property in Federal Way on about March 4, 2015. S. H. also began attending
9 Defendant Chang's church.

10 20. In approximately January 2016, Defendant Chang represented to S. H. that Chang
11 possessed the knowledge to successfully secure permanent residency status for S. H. under a
12 special federal immigration program.

13 21. Defendant Chang promised to process a permanent resident status application for
14 S. H. and his family. Defendant Chang requested family information from S. H. and promised to
15 prepare, or assist in the preparation of, the appropriate immigration application forms to
16 accomplish the goal of obtaining permanent residency for S. H. and his family.

17 22. S. H. paid Defendant Chang the sum of \$44,000, as requested by Defendant Chang
18 for a processing fee. Payment was made in cash through Jane Doe, an agent and intermediary of
19 Defendant Chang, at the Puppy Village business in the presence of one or both of the
20 Defendants.

21 23. The payment scheme was orchestrated by Defendant Chang.

22 24. S. H. later learned that the immigration services were fraudulently represented and
23 no application on his behalf was ever processed.

24 25. When S. H. confronted Defendant Chang and demanded that Defendant Chang
25 immediately return S. H.'s money in full, Defendant Chang declined.

26 26. Eventually, Defendant Chang offered to repay the money over time.
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1 27. On November 18, 2016, Defendant Chang executed a Promissory Note in favor of
2 S. H. in the face amount of \$44,000 (the "S. H. Note"). The S. H. Note contains a provision that
3 was ostensibly intended to silence S. H.

4 **Background Facts Related to Both Plaintiffs**

5 28. Under the terms of the S. H. Note and the D. L. Note (the "Promissory Notes"),
6 Defendant Chang was required to make payments of \$800.00 per month to each Plaintiff,
7 commencing on December 15, 2016 until the Promissory Notes were paid in full.

8 29. Defendant Chang made a few initial payments on the Promissory Notes, but has
9 not paid any sums due under the Promissory Notes since March 20, 2017.

10 30. The Promissory Notes provide that Plaintiffs shall be entitled to recover their
11 attorneys' fees and costs associated with the collection of the debts.

12 31. Plaintiffs made written demand for payment through counsel, and Defendant
13 Chang has failed to make any additional payments under the Promissory Notes.

14 32. The Immigration Services Fraud Act, RCW Ch. 19.154 was intended to prohibit
15 schemes perpetrated by unauthorized persons who provide immigration-related services that
16 constitute unfair and deceptive practices and the unauthorized practice of law.

17 33. On information and belief, Defendant Chang, committed the following acts:
18 (i) assisted in advising Plaintiffs in an immigration benefit, visa or other program; (ii) solicited
19 Plaintiffs to prepare documents for a judicial or administrative proceeding in an immigration
20 matter; (iii) told Plaintiffs that he could select, draft or complete legal documents affecting the
21 legal rights of the Plaintiffs in an immigration matter, all for compensation. Defendant Chang's
22 actions constitute a violation of RCW 19.154.060(2)(c),(d),(e)&(g).

23 34. Defendant Chang made representations to each Plaintiff that: (i) conveyed or
24 implied that Defendant Chang possessed professional legal skills in the area of immigration law;
25 and (ii) that Defendant Chang was willing to provide services in an immigration matter that
26 amounted to the provision of legal services. Defendant Chang's actions constitute a violation of
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1 RCW 19.154.060(3)(a)&(b).

2 **V. CAUSES OF ACTION**

3 **FIRST CAUSE OF ACTION – 11 U.S.C 523(a)(2)**

4 35. Plaintiffs incorporate by reference the allegations set forth above as if fully set
5 forth herein.

6 36. Defendants obtained money from Plaintiffs by false pretenses, a false
7 representation, or actual fraud.

8 37. Defendants' actions above constitute a nondischargeable debt under 11 U.S.C.
9 523(a)(2).

10 38. Plaintiffs have been damaged in an amount equal to the sums owed arising out of
11 the fraudulent conduct alleged as a part of 11 U.S.C. 523(a)(2) and under the Promissory Notes,
12 together with attorneys' fees and costs.

13 **SECOND CAUSE OF ACTION – 11 U.S.C 523(a)(4)**

14 39. Plaintiffs incorporate by reference the allegations set forth above as if fully set
15 forth herein.

16 40. Plaintiffs entrusted funds to Defendants, who committed fraud or defalcation while
17 acting in a fiduciary capacity, embezzlement, or larceny.

18 41. Defendants' actions above constitute a nondischargeable debt under 11 U.S.C.
19 523(a)(4).

20 42. Plaintiffs have been damaged in an amount equal to the sums owed arising out of
21 the fraudulent conduct alleged as a part of 11 U.S.C. 523(a)(4) and under the Promissory Notes,
22 together with attorneys' fees and costs.

23 **THIRD CAUSE OF ACTION – 11 U.S.C 523(a)(6)**

24 43. Plaintiffs incorporate by reference the allegations set forth above as if fully set
25 forth herein.

26 44. Defendants committed willful and malicious injury to Plaintiffs or their property.
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45. Defendants' actions above constitute a nondischargeable debt under 11 U.S.C. 523(a)(6).

46. Plaintiffs have been damaged in an amount equal to the sums owed arising out of the fraudulent conduct alleged as a part of 11 U.S.C. 523(a)(6) and under the Promissory Notes, together with attorneys' fees and costs.

V. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for the following relief against all Defendants, jointly and severally:

1. For a judgment in favor of Plaintiff D. L. and against all Defendants, jointly and severally, in the principal amount of no less than \$30,000;

2. For judgment in favor of Plaintiff S. H. and against all Defendants, jointly and severally, in the principal amount of no less than \$44,000;

3. For money damages in favor of the Plaintiffs under the Immigration Services Fraud Prevention Act, RCW 19.154, against all Defendants;

4. For an award of attorneys' fees and costs in favor Plaintiffs to the extent allowed by law against all Defendants;

5. For an award of post-judgment interest at the rate of 12 percent per annum, or the maximum rate allowed; and

6. For such other and further relief as the Court deems just and equitable.

DATED this 25th day of September, 2019.

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